NATIONAL RETAIL FEDERATION

June 22, 1998

Secretary
Federal Trade Commission
Room H-159
6th Street & Pennsylvania Avenue, N.W.
Washington, DC 20580

      Re: Year 2000 Consumer Issues -- Comment, FTC File No. P984238

      I am writing on behalf of the National Retail Federation to provide our comments on the Year 2000 issue.

      Many of the questions posed by the FTC ask which products are susceptible to the Y2K problem. The retail companies, as a general rule, do not have access to that information. The manufacturers of software and electronic products are much more capable of answering these questions. Retailers do not have the information on which microchips will be affected by the Y2K problem. Microchips are often made by one company, sold to a computer or electronics manufacturer, who then forwards the finished product to a retailer for sale. The retailer therefore does not know which products contain which chips, and whether those chips are Y2K compliant. There is no third party authentication of which microchips will be affected, therefore there is no objective listing of products that will fail to work after December 31, 1999.

      Should a fix or patch be capable of repairing the affected products, it should be the manufacturers who bear the cost of informing the customer and providing the fix. Retailers would most likely be willing to participate in the distribution of such fixes, either by posting a notice at point of sale or making it available in stores. Should manufacturers charge for the fix, retailers would be willing to purchase and offer such fixes for resale.

      As to the questions concerning which products are marketed as Y2K compliant, retailers currently do not make any claims as to which products will work properly. Given the lack of a clear definition of what comprises "Y2K compliance," it is not feasible for retailers to make any such assurances for products they sell. Any such claims would have to originate from the manufacturers, who are in a position to respond to these questions.

Retailers will also be victims of the Y2K problem. Credit cards with expiration dates after December 31, 1999, have caused few problems to date, but that is only a small percentage of the computerized transactions that occur. There are thousands of systems used by retailers that will be affected. Almost every automated system used, from point of sale systems to the billing and recording of consumer payments, utilize dates in the processing of transactions. Unless they are made Y2K compliant, retailers will not be able to accurately process credit transactions. Each retailer should be responsible for ensuring their systems will function after December 31, 1999.

The National Retail Federation urges the FTC to be the trusted third party for dissemination of information relating to the Y2K problem. The FTC should hold a meeting with the manufacturers to choose a standard testing procedure to determine Y2K compliance, then post the results for the public to view.

Sincerely,

Mallory B. Duncan
Vice President, General Counsel